

## GOED Board Meeting Minutes

August 13, 2015 • 10:00 a.m.

Utah Governor's Office of Economic Development  
Salt Lake City, UT 84111

<b>Members Present:</b>	Mel Lavitt, Jerry Oldroyd, Peter Mouskondis, Bob Frankenberg, Clifford White, Stefanie Bevans, Susan Johnson, Bevan Wilson, Jake Boyer, Christopher M. Conabee, Margaret Lasecke-Jacobs
<b>Staff:</b>	Val Hale, Theresa A. Foxley, Julia Barnhouse, Eric Nay, Kimberly Henrie, Ben Hart, Vicki Varela, Fred Lange, Mimi Davis-Taylor, Tara McKee, Dan Royal, Marshall Wright, Linda Gillmor, Kimberly Carlile, Chase Christiansen, Sarah Adleman, Brad Petersen, Alisha Ryans, Kathy Whitehead, Kelleigh Cole, Jeff Van Hulten, Tom Wadsworth, Vatsala Kaul, Jaxon Ames, Greg Jeffs, Jaron Janson, Tamy Dayley
<b>Visitors:</b>	Susan Eisenman, Todd Brightwell, Jeff Edwards, Mayor Ben McAdams, Eric Litvak, Chet Linton, Shai Lustgarten, Brice Wallace, Sarah Pearce, Zachary Derr, Kim Frost, Amy Reese Anderson, Kevin Hyer,

### Welcome

Mel Lavitt welcomed everyone to the August 13, 2015 Board meeting.

### Approval of the Minutes

**MOTION: Bob Frankenberg motioned to approve the June 9, 2015 minutes and the July 31, 2015 minutes. Peter Mouskondis seconded the motion. Motion was carried unanimously.**

### Swearing in of Board Members

Cheralyn Anderson, Notary, administered the Oath of Office to Jerry Oldroyd and Stefanie Bevans to serve as a member of the Utah Board of Business and Economic Development .

### Presentation – Mayor Ben McAdams, Salt Lake County

Mayor McAdams provided an update on the Convention Center Hotel. Mayor McAdams announced that Omni Hotels is no longer the developer for the hotel. Mayor McAdams believes that the current incentive for the selected developer is satisfactory and will aid in finding a new developer. An RFP will be reissued next month, October, to select a new developer. Two parcels of land that is near the Salt Palace Convention Center will be proposed. Mayor McAdams affirmed that the Convention Center Hotel is not being built specifically for the Outdoor Retailer Show. The hotel is being built for the 7,000 – 8,000 person conventions that Utah misses out on each year because of the lack of hotel space in Salt Lake City. Mayor McAdams would like to keep the Outdoor Retailer Show in Salt Lake City and is hopeful for negotiations moving forward. He estimated that there will be a one-year delay due to the recent decision to select a new developer.

**MOTION: Jerry Oldroyd motioned to acknowledge and support Mayor McAdams's decision to decline Omni Hotels as the chosen developer for the Convention Hotel and reissue an RFP. Christopher M. Conabee seconded the motion. The motion carried unanimously.**

### Presentation – Chet Linton, CEO of School Improvement Network

School Improvement Network was founded in 1991 and is located in Utah County. School Improvement Network currently services 1 million teachers in the USA and over 20 different countries; they are predominantly in North America. Schools are changing at a radical pace and School Improvement Network approaches this by working with schools to successfully implement their yearly plan. They focus on helping them understand how to make their teachers effective so their students can be successful. There are real workforce challenges, primarily in tech companies, and School Improvement Network helps students to graduate high school and continue their higher education to help fill the gaps in workforce. They offer the resources to help teachers drive their yearly plans. School Improvement Network helps to create programs and technology that enhances a personalized learning experience to increase impact for students.

One of the things that impact schools the most is the amount of available funding. The Elementary and Secondary Education Act, also known as No Child Left Behind, expired in 2008. Senator Hatch's office has been instrumental in guiding the language to assist in this program and present it to the Utah State Legislature.

### Presentation – Shai Lustgarten, CEO of Micronet

Shai Lustgarten, CEO of Micronet, thanked the GOED Board for the opportunity to present to them. Established in 1982, Micronet is currently headquartered in Salt Lake City, Utah. Micronet has comprehensive in-house capabilities such as research & development, system software, mechanical design and manufacturing, etc. They have a broad background in ruggedized automotive grade mobile computing solutions for the MRM/FM markets. MRM/FM customers include: public transportation, trucking & distribution, logistics, technical services, construction, public safety, municipalities, and infrastructure. Micronet supports customers worldwide.

Micronet does business in Utah because they love the current business environment. They hope to continue to grow within the state and strengthen their partnership. Micronet is also exploring available incentives to aid in their growth.

#### **Presentation – Sarah Pearce, Director of the Sundance Utah**

Sarah Pearce provided an overview of the Sundance Institute and its current events. The Sundance Institute is a nonprofit organization dedicated to the discovery and development of independent artists and audiences. Through its programs, the Institute seeks to: discover, support, and inspire independent film and theatre artists from the US and around the world, and to introduce audiences to their new work. The recent 2015 Sundance Film Festival held in Park City, Utah experienced great success with the highest quality film selection, audience attendance, press, and partner engagement. The festival contributed \$6.9 million in Utah State and Local Tax Revenue, and created 1,350 jobs to support the Festival.

The Festival appeals to audiences of all ages. Approximately 37% of attendees are under the age of 35. The Sundance Kids category more than doubled to over 2,200. Not only does the Festival target it's audiences in the US, it also promotes Utah around the world. There were over 3,735 visitors from 30 countries at the Festival this year alone. The Institute will also produce festival in London and Hong Kong to provide promotional opportunities to showcase Utah tourism and business.

#### **Film Incentives Update**

##### **Film – “Westworld – Season 1”**

##### **Project Highlights**

Category:	TV Series
Genre:	Drama
Director:	Jonathan Nolan
Producer:	Cherylanne Martin, Lisa Joy

##### **Utah Jobs and Revenue**

Estimated Cast:	N/A
Estimated Cast Average Salary:	N/A
Estimated Crew:	15
Estimated Crew Average Salary:	\$368/ day
Estimated Extras:	94
Estimated Extras Average Salary:	\$95/ day
Length of Film Production:	13
Estimated Spend:	\$1,847,795

##### **Project Schedule**

Prep:	October 5, 2015 through October 16, 2015
Principal Photography:	October 19, 2015 through October 31, 2015
Wrap:	November 2, 2015 through November 6, 2015
Post Production (Entire Series)	July 15, 2015 through March 25, 2016

##### **Motion Picture Advisory Committee Recommendation**

Approved by the Motion Picture Advisory Committee (MPAC) July 2, 2015

**MOTION:** Margaret Lasecke-Jacobs motioned to approve for Autonomy Productions, LLC, a Motion Picture Incentive Program post-performance tax credit of no more than \$369,559, (which represents 20% of dollars left in state) or no more than \$461,948 if additional criteria are satisfied (which represents 25% of the dollars left in state) for the production of “Westworld” Season 1. Peter Mouskondis seconded the motion. The motion carried unanimously.

- Incentive offer based on receipt of a complete MPIP application including a script and proof of financing

- Must meet \$200,000 minimum dollars left in state to be eligible for the base line incentive of 20% of dollars left in state.
- Dollars left in state start date no earlier than 30 days prior to the Governor's Office of Economic Development Board of Directors approval.
- Autonomy Productions, LLC may be eligible for an additional 5% incentive upon verification of meeting the criteria as adopted by the GOED Board and administered by the Governor's Office of Economic Development and the Utah Film Commission, including a \$1,000,000 minimum dollars left in state. Total incentive with this condition, if all terms are met to the satisfaction of the Utah Film Commission, shall not exceed \$461,948 (25% of the dollars left in state).

#### Film- "Saturday's Warrior" Amendment

##### Project Highlights

Category:	Feature
Genre:	Musical
Director:	Michael Buster
Producer:	Lex de Azevedo

##### Utah Jobs and Revenue

Estimated Cast:	18
Estimated Cast Average Salary:	\$555/ day
Estimated Crew:	20
Estimated Crew Average Salary:	\$500/ day
Estimated Extras:	25
Estimated Extras Average Salary:	\$120/day
Length of Film Production:	35
Estimated Spend:	\$1,089,235

##### Project Schedule

Prep:	April 1, 2015 through August 30, 2015
Principal Photography:	September 1, 2015 through October 10, 2015
Wrap:	October 10, 2015 through October 30, 2015
Post Production:	November 1, 2015 through March 30, 2016

##### Motion Picture Advisory Committee Recommendation

Approved by the Utah Film Commission (UFC) April 1, 2015. *This production was originally approved by the GOED Board April 2, 2015. The production company revised the Utah estimated spend from \$604,700 to \$1,089,235 and has requested the additional MPIP Incentive.*

**MOTION: Bob Frankenberg motioned to approve for SW Film Partners, LC a Motion Picture Incentive Program post-performance tax of no more than \$217,847 (which represents 20% of dollars left in state) or no more than \$272,308 if additional criteria are satisfied (which represents 25% of the dollars left in state) for the production of "Saturday's Warrior." Stefanie Bevans seconded the motion. The motion carried unanimously.**

- Incentive offer based on receipt of a complete MPIP application including a script and proof of financing
- Must meet \$200,000 minimum dollars left in state to be eligible for the base line incentive of 20% of dollars left in state.
- Dollars left in state start date no earlier than 30 days prior to the Governor's Office of Economic Development Board of Directors approval.
- SW Film Partners, LC may be eligible for an additional 5% incentive upon verification of meeting the criteria as adopted by the GOED Board and administered by the Governor's Office of Economic Development and the Utah Film Commission, including a \$1,000,000 minimum dollars left in state. Total incentive with this condition, if all terms are met to the satisfaction of the Utah Film Commission, shall not exceed \$272,308 (25% of the dollars left in state).

#### Film- "Mosaic"

##### Project Highlights

Category:	Television Film
Genre:	Drama
Director:	Steven Soderbergh
Executive Producer:	Steven Soderbergh, Michael Polaire & Casey Silver

**Utah Jobs and Revenue**

Estimated Cast:	25
Estimated Cast Average Salary:	\$580
Estimated Crew:	104
Estimated Crew Average Salary:	\$450.
Estimated Extras:	150
Estimated Extras Average Salary:	\$104.
Length of Film Production:	48
Estimated Spend:	\$10,365,340

**Project Schedule**

Prep:	August 24, 2015 through October 5, 2015 February 1, 2016 through February 19, 2016
Principal Photography:	October 6, 2015 through November 18, 2015 February 22, 2016 through March 12, 2016
Wrap:	March 13, 2016 through March 30, 2016
Post Production	November 23, 2015 through TBD

**Motion Picture Advisory Committee Recommendation**

Approved by the Motion Picture Advisory Committee (MPAC) August 6, 2015

**MOTION: Jake Boyer motioned to approve for Non-Precedential Productions, LLC, a Motion Picture Incentive Program post-performance tax credit of no more than \$2,073,068, (which represents 20% of dollars left in state) or no more than \$2,591,335 if additional criteria are satisfied (which represents 25% of the dollars left in state) for the production of “Mosaic”. Cliff White seconded the motion. The motion carried unanimously.**

- Incentive offer based on receipt of a complete MPIP application including a script and proof of financing
- Must meet \$200,000 minimum dollars left in state to be eligible for the base line incentive of 20% of dollars left in state.
- Dollars left in state start date no earlier than 30 days prior to the Governor’s Office of Economic Development Board of Directors approval.
- Non-Precedential Productions, LLC may be eligible for an additional 5% incentive upon verification of meeting the criteria as adopted by the GOED Board and administered by the Governor’s Office of Economic Development and the Utah Film Commission, including a \$1,000,000 minimum dollars left in state. Total incentive with this condition, if all terms are met to the satisfaction of the Utah Film Commission, shall not exceed \$2,591,335 (25% of the dollars left in state).

**EDTIF – Kihomac****Project Highlights**

Timeline:	2016
Target Industry:	Aerospace & Defense
Proposed Location(s):	Davis County
Capital Investment:	\$9,000,000
Projected new, full-time jobs:	70

**Company Overview**

Kihomac is a Department of Defense Contractor with partnerships predominantly focused with the United States Air Force. Kihomac provides lifecycle support for Close Air Support aircrafts such as the A-10, F-16, and the T-38. The company is also forming partnerships with the United States Navy on development of new operational prototypes for the Landing Craft Air Cushion (LCAC) Platform, RF Radomes, and ICBM. The company has 9 current locations in the U.S. with two of those being Utah locations (Roy and Layton).

**Jobs & Revenue**

Full time job over project lifetime: 70  
The company will provide full time employees with comprehensive health and retirement benefits.

**New State Wages & Revenue**

New State Wages over 5 years:	\$14,916,129
New State Revenue over 5 years:	\$816,362

**MOTION: Jerry Oldroyd motioned to approve Kihomac for a \$121,525 EDTIF post-performance refundable tax credit which represents an amount equal to 15% of new state revenue for 5 years. Bob Frankenberg seconded the motion. The motion carried unanimously.**

- Total EDTIF incentive not to exceed \$121,525 EDTIF post-performance refundable tax credit.
- Annual EDTIF incentive amount based on 15% of qualified new incremental state tax revenues generated and receipted in the previous calendar year.
- Total incentive not to exceed 15% of qualified new incremental state tax revenues over 5 years with a contractual recapture provision for any excess funds paid to the company.
- Must meet new qualified employment projections, employee headcount at the stated wage % criteria at 50% for each project year.
- Annual total project average salary of new employees (not each new position, this is an aggregate annual number) to be at least 125% of the Davis County average wage each including company contributed health insurance.
- Must commit to keep operation in Utah for the length of the incentive period, 5 years.
- Incentives are site specific and subject to local incentive participation.
- Local incentive proposal must be presented and approved by the GOED Incentives Committee in order for company to be eligible for the incentive.
- Only new state revenue and new jobs created after the GOED Board final approval date are eligible for this incentive.

Scott Merihew with Kihomac thanked the GOED Board for the approval. They look forward to their continued growth and are excited for the opportunity to consolidate their operations to Utah.

The Mayor of Layton City expressed his support for Kihomac and thanked the GOED Board for their consideration. Layton is hoping to attract high paying jobs to the city, like Kihomac, and to Utah with the help of the GOED Board. They would like to help Utah continue its economic growth.

#### **Rural Fast Track Endorsements**

The Rural Development office recommends a Rural Fast Track grant for Red Desert, Inc. dba Whispering Sands Motel, located in Hanksville, Wayne County, for the purpose of expanding the motel by adding more rooms and amenities. The company expects to hire 3 new full time positions, one of which will pay at least 110% of the Wayne County wage. The project is estimated to cost eight hundred one thousand, four hundred twenty-three dollars (\$801,423).

**MOTION: Endorse a Rural Fast Track Grant for Red Desert, Inc. of \$50,000.**

The Rural Development office recommends a Rural Fast Track grant for Lewis Cabinet Specialties, Inc., located in Tremonton, Box Elder County, for the purpose of purchasing equipment to manufacture a new line of product. The company expects to hire 1 new full time position pay at least 110% of the Box Elder County wage. The project is estimated to cost one hundred thirteen thousand, seven hundred fifty-three dollars (\$113,753).

**MOTION: Endorse a Rural Fast Track Grant for Lewis Cabinet Specialties, Inc. of \$50,000.**

The Rural Development office recommends a Rural Fast Track grant for Randy's Engine and Machine, Inc. for the purpose of purchasing a valve seat and guide machine that will help the company provide better accuracy and quality, and reduce the time it takes to make the repairs. The company expects to hire 1 new full time position pay at least 110% of the Sevier County average wage. The project is estimated to cost ninety-five thousand, eight hundred nine dollars (\$95,809.00).

**MOTION: Endorse a Rural Fast Track Grant for Randy's Engine and Machine, Inc. of \$47,904.**

The Rural Development office recommends a Rural Fast Track grant for Purkey's Fleet Electric, Inc. for the purpose of constructing a 3600 ft<sup>2</sup> addition. The additional space will increase the company's production areas and will free up space in the current building for a break room and additional office space. The addition will also have a shipping/receiving dock. The company expects to hire 5 new full time positions. The project is estimated to cost one hundred eighty-seven thousand dollars (\$187,000.00).

**MOTION: Endorse a Rural Fast Track Grant for Purkey's Fleet Electric, Inc. of \$50,000.**

The Rural Development office recommends a Rural Fast Track grant for Red Rock Precision, LLC for the purpose of purchasing weapon machining equipment that will be used to increase production of high-end long rifles. The

company expects to hire 1 new full time position paying at least 110% of the county average wage. The project is estimated to cost fifty-three thousand five hundred eleven dollars (\$53,511.00).

**MOTION: Endorse a Rural Fast Track Grant for Red Rock Precision, LLC of \$26,755.**

The Rural Development office recommends a Rural Fast Track grant for Paragon Automation, Inc. for the purpose of expanding their operations into a larger building in order to offer additional services (welding) for the oil and gas industry. The company expects to hire 1 new full time position pay at least 115% of the Uintah County average wage. The project is estimated to cost one hundred fifty thousand dollars (\$150,000.00).

**MOTION: Endorse a Rural Fast Track Grant for Paragon Automation, Inc. of \$50,000.**

The Rural Development office recommends a Rural Fast Track grant for Bart's Machine Shop, Inc. for the purpose of purchasing a high precision vertical machining center mill in order to increase production capacity and avoid outsourcing work. The company expects to hire 2 new full time positions paying at least 110% of the county average wage. The project is estimated to cost one hundred thirty-nine thousand eight hundred dollars (\$139,800.00).

**MOTION: Endorse a Rural Fast Track Grant for Bart's Machine Shop, Inc. of \$50,000.**

**MOTION: Bevan K. Wilson motioned to approve all of the presented Rural Fast Track applicants. Peter Mouskondis seconded the motion. The motion carried unanimously.**

#### **GOED Update**

Val Hale, Executive Director, welcomed our newest GOED Board members, Susan Johnson and Stefanie Bevans. He then provided an update on the current events in the different programs within GOED. Val announced that GOED is drafting the Economic Plan 2.0 and has invited GOED Board members for their guidance and input during the development of the plan.

#### **Incentives Update**

Theresa A. Foxley, Director of Corporate Recruitment and International Trade provided an update on the Incentives Program regarding new and existing projects.

#### **EDCUtah Update**

Todd Brightell, Vice President of EDCUtah, presented on the status of current and upcoming projects in the pipeline. He spoke on the increase of the number of projects that EDCU is seeing in all industries.

Meeting adjourned